

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF SERVICE AND)	
RATES TO KRS 278.485 GAS)	ADMINISTRATIVE
CUSTOMERS)	CASE NO. 342

O R D E R

On October 8, 1992, the Commission established this proceeding to determine the manner and extent to which rates for service provided pursuant to KRS 278.485 (farm tap service) should be filed with and reviewed by the Commission. During the course of this investigation, the Commission has sought input and recommendations from gas pipeline companies and other interested parties regarding what, if any, changes are required in 807 KAR 5:026, Gas Service; gathering systems, to allow the Commission to perform its regulatory responsibility.

Attached as an Appendix to this Order are proposed changes to 807 KAR 5:026 and a summary of the application and review procedure established therein for a proposed increase in farm tap rates. Each gas pipeline company which charges rates to its farm tap customers and other interested parties which have intervened in this proceeding should file comments on the proposed changes.

IT IS THEREFORE ORDERED that:

1. Any person desiring to file comments on the proposed changes to 807 KAR 5:026 with the Commission shall do so within 30 days of the date of this Order.

2. A hearing shall be held on September 20, 1993 at 10 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to allow gas pipeline companies and other interested parties to provide additional comments and recommendations regarding the proposed changes to 807 KAR 5:026.

Done at Frankfort, Kentucky, this 6th day of August, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 342 DATED 8/06/93

TO: Gas Pipeline Companies and Other Interested Parties

SUBJECT: Proposed Changes to 807 KAR 5:026, Gas Service; gathering systems

Enclosed are the Commission's proposed changes to 807 KAR 5:026 which establish an application and review procedure for proposed changes in existing farm tap rates. The principal elements of the review procedure are summarized as follows:

1. All companies are required to have a tariff rate on file.
2. A company which serves no more than 400 customers can request a proposed rate change through a tariff filing if:
 - a. The percentage change in rates does not exceed the percentage change in the producer price index during the most recent 12-month period; and
 - b. The proposed rate does not exceed the highest average volumetric of a gas utility regulated by the Commission.
3. If the percentage change in rates exceeds the producer price index, but the proposed rate remains below the highest gas utility rate, the company may still propose a rate change through a tariff filing by submitting cost data which supports the increase.
4. All tariff filings for proposed rate changes will be acted upon within 60 days.
5. Any proposed change in rates requires the company to provide notice to its customers.
6. Any company may elect to file a rate case; however, a company which serves more than 400 customers is required to file an application for a change in rates pursuant to KRS 278.190 and 807 KAR 5:001, Section 10.

807 KAR 5:026. Gas service; gathering systems.

RELATES TO: KRS CHAPTER 278

STATUTORY AUTHORITY: KRS Chapter 278.485(3)

NECESSITY AND FUNCTION: KRS 278.040(3) provides that the

commission may adopt, in keeping with KRS Chapter 13A, reasonable regulations to implement the provisions of KRS Chapter 278.

REMAINDER OF THIS PARAGRAPH REMAINS THE SAME.

Section 1. Definitions. (1) "Average volumetric rate" means the rate of a local gas distribution utility subject to rate regulation by the commission which is an average of the utility's volumetric retail gas sales rates for residential customers as authorized by the commission.

(7) "Producer price index-utility natural gas" means the producer price index for the most recent twelve (12) month period as published by the United States Department of Labor, Bureau of Labor Statistics, as Commodity Code 055 in Table 6 of its monthly publication Producer Price Indexes.

SECTIONS 2 THROUGH 8 REMAIN THE SAME.

Section 9. Rates and Charges. (1) Rates. Each gas pipeline company shall charge, for gas furnished, rates approved by the commission and listed in the company's tariff which shall be filed with the commission. A gas pipeline company may request an adjustment in its rates to reflect changes in its costs to provide service pursuant to KRS 278.485.

(a) A gas pipeline company which provides service to no more than 400 customers may request an adjustment in rates as a

proposed tariff if submitted at least sixty (60) days prior to its proposed effective date and:

1. The percentage change in rates does not exceed the percentage change in the producer price index during the most recent twelve (12) month period immediately preceding the date filed; and

2. The proposed rate does not exceed the highest average volumetric rate of a local gas distribution utility approved by the commission and in effect the date filed. The commission shall provide the current percentage change in the producer price index and the highest prevailing rate upon receipt of written request.

3. If the proposed percentage increase in rates exceeds the percentage change in the producer price index but the proposed rate remains below the highest prevailing gas rate approved by the commission, the gas pipeline company shall submit with its proposed tariff cost data which support the percentage increase proposed. The cost data shall include the company's costs to provide the service during each of the previous two (2) years and shall be current within ninety (90) days of the date the proposed tariff is filed.

4. A proposed tariff increasing rates shall not be filed with a proposed effective date less than one (1) year later than the last approved increase. Once it has been determined that sufficient information has been filed with the proposed tariff, the commission shall either approve or deny the proposed adjustment

within sixty (60) days. The commission may suspend the proposed tariff beyond the sixty (60) day review period.

5. A gas pipeline company which files a proposed tariff to increase rates shall mail notice to its customers no later than twenty (20) days prior to the filing date of the proposed tariff. The notice shall be dated and state the proposed rate and the estimated amount of monthly increase per customer and state that any customer may file comments with the commission by mailing to Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602.

(b) In lieu of a rate adjustment through a proposed tariff, a gas pipeline company may file an application with the commission for authority to adjust rates pursuant to subsection (1)(c) of this section. If eligible, the gas pipeline company may file under the commission's alternative rate adjustment procedures, 807 KAR 5:076.

(c) Any gas company which provides service to more than 400 customers shall be subject to full rate base review. Any proposed increase in its rates shall be filed with the commission pursuant to KRS 278.190 and 807 KAR 5:001, Section 10.

(2) Charges. (a) Any nonrecurring, customer-specific charge, such as those listed in 807 KAR 5:006, Section 8, and assessed by the gas pipeline company, shall be listed in the company's tariff. Such charges may be adjusted outside of a rate case filing by filing a proposed tariff change with the commission at least thirty (30) days prior to the effective date of the adjustment.

(b) Each gas company may charge \$150 . . . by the gas company. (THIS IS SUBSECTION (2) IN THE EXISTING REGULATION AND REMAINS THE SAME.

(3) Provisions contained in this regulation . . . of this regulation. (REMAINS THE SAME AS THE EXISTING REGULATION.)

(4) In submitting notice to the commission and customers required by Section 9(1)(a)5. of this regulation, the following form shall be used:

NOTICE OF PROPOSED RATE CHANGE

(Name of gas company) has filed a request with the Public Service Commission to increase its rates. The rates contained in this notice are the rates proposed by (Name of gas company). However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic, or person may file written comments within 30 days of the date of this notice with the Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602.

Copies of the request for an increase in rates may be obtained by contacting the gas company at (Address of gas company). A copy of the request for an increase in rates is available for public inspection at this address.

<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Estimated Monthly Increase</u>
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